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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/509,924	04/06/2005	Jeffrey W McCandless	N7360_003	8134
23456 7590 02/06/2009 WADDEY & PATTERSON, P.C. 1600 DIVISION STREET, SUITE 500 NASHVILLE, TN 37203				
EXAMINER DANNEMAN, PAUL				
ART UNIT 3627		PAPER NUMBER		
NOTIFICATION DATE 02/06/2009		DELIVERY MODE ELECTRONIC		

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

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Office Action Summary

Application No.

10/509,924

Applicant(s)

MCCANDLESS ET AL.

Examiner

PAUL DANNEMAN

Art Unit

3627

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 06 April 2005.
2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-14 is/are pending in the application.
4a) Of the above claim(s) _____ is/are withdrawn from consideration.
5) ☐ Claim(s) _____ is/are allowed.
6) ☒ Claim(s) 1-14 is/are rejected.
7) ☐ Claim(s) _____ is/are objected to.
8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
10) ☒ The drawing(s) filed on 01 October 2004 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☒ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☒ All b) ☐ Some * c) ☐ None of:
1. ☒ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☒ Information Disclosure Statement(s) (PTO/CDC)
Paper No(s)/Mail Date _____
4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date _____
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____

DETAILED ACTION

Status of the Claims

1. This action is in response to the application filed on 1 October 2004.
2. Claims 1-14 have been examined.

Claim Rejections - 35 USC § 103

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
 2. Ascertaining the differences between the prior art and the claims at issue.
 3. Resolving the level of ordinary skill in the pertinent art.
 4. Considering objective evidence present in the application indicating obviousness or nonobviousness.
5. **Claims 1-14** are rejected under 35 U.S.C. 103(a) as being unpatentable over Bedell et al., US 6,622,128 B1 hereafter known as Bedell.
 6. **Examiner's note:** Examiner has pointed out particular references contained in the prior art of record in the body of this action for the convenience of the Applicant. Although the specified citations are representative of the teachings in the art and are applied to the specific limitations within the individual claim, other passages and figures may apply. Applicant, in preparing the response, should consider fully

the **entire** reference as potentially teaching all or part of the claimed invention, as well as the content of the passage as taught by the prior art or disclosed by the Examiner.

Claim 1:

With regard to the following limitation for a method of processing invoices:

- ***Import and Store Invoices in a database;***

Bedell in at least Column 9, lines 51-53 discloses that the first company specializing in legal bill audits came on the scene in 1987 with its first competitor being formed shortly thereafter. Bedell in at least Column 9, lines 61-64 further discloses that eleven years later that many, possibly hundreds, of similar companies have cropped up around the country. Bedell in at least Column 10, lines 5-12 further discloses that all companies have reached and routinely rely upon higher levels of computerization and that most have incorporated computers into their audit processes in some fashion, either in-house or through one of the auditing companies. Bedell in at least Column 12, lines 34-37 further discloses that the system of this invention allows bills to be submitted electronically (as by e-mail) or by alternate means such as regular mail or via FAX. Bedell in at least Column 21, lines 57-61 further discloses that some firms have multiple offices and all invoiced and payments made to a central location where the invoicing office is often also the handling office. Bedell in at least FIG.1, Column 15, lines 8-13 further discloses a case database 930 as the central core into which flows information from a variety of sources including billing time and expenses.

- ***Publish invoices on network for reviewer access;***
- ***Perform quality review / adjust charges if necessary;***
- ***Use peer review terminal for review of charge adjustments;***

Bedell in at least Column 12, lines 34-37 further discloses that the system of this invention allows all users to view and measure incurred fees and expenses while they are accumulating and before actual bills are submitted for payment. Bedell in at least Column 15, lines 25-27 further discloses that once the case database 930 is established, billing activities and/or bill review

activities may take place. Bedell in at least Column 16, lines 5-24 further discloses that to combat rising legal costs, many companies have enlisted the services of legal bill review companies to detect billing abuses and excessiveness in legal bills and to make downward adjustments of the bills when "overruled" or "unexplained" billing is found. Bedell does not specifically disclose the use of "peer review" per se, however discloses review by a third part and then mentions "bill review" without stating who is conducting the review, therefore, it would have been obvious, at the time of the invention, to one of ordinary skill, to modify Bedell's review with a "peer review" with the motivation to reduce the adjustments made by third parties.

- ***Generate client invoices with applicable charge adjustments;***
- ***Transmit client invoice reports to client.***

Bedell in at least FIG.3, Column 28, lines 62-67 and Column 29, lines 1-11 discloses reviewing the entire bill for a work product to date and then submitting bills to the client or carrier when the work product is complete. Bedell in at least Column 16, lines 5-24 further discloses that to combat rising legal costs, many companies have enlisted the services of legal bill review companies to detect billing abuses and excessiveness in legal bills and to make downward adjustments of the bills when "overruled" or "unexplained" billing is found.

Claims 2-4:

With regard to the limitation:

- ***Peer reviewer enters text of adjustment recommendations associated with charge entities in the electronic invoices and into the database;***
- ***Peer review is performed across a public network;***
- ***Importing step includes restructuring invoiced received into a standard format.***

Bedell in at least Column 16, lines 5-24 discloses that to combat rising legal costs, many companies have enlisted the services of legal bill review companies to detect billing abuses and excessiveness in legal bills and to make downward adjustments of the bills when "overruled" or "unexplained" billing is found. Bedell in at least FIG.3, Column 28, lines 62-67 and Column 29,

lines 1-11 further discloses reviewing the entire bill for a work product to date and submitting the bill to the client or carrier when the work product is complete. Bedell in at least FIG.3, FIG.34 and Column 42, lines 47-57 further discloses reviewing the product summaries and making any appropriate adjustments. Bedell does not specifically disclose the use of "peer review" per se, however discloses review by a third part and then mentions "bill review" without stating who is conducting the review, therefore, it would have been obvious, at the time of the invention, to one of ordinary skill, to modify Bedell's review with a "peer review" with the motivation to reduce the adjustments made by third parties.

Claims 5-6:

With regard to the limitations:

- ***The importing of invoices comprises scanning paper invoices into electronic form prior to restructuring;***
- ***Imported invoices are received in electronic form.***

Bedell in at least Column 12, lines 34-37 further discloses that the system of this invention allows bills to be submitted electronically (as by e-mail) or by alternate means such as regular mail or via FAX. Bedell in at least Column 21, lines 57-61 further discloses that some firms have multiple offices and all invoices and payments are made to a central location where the invoicing office is often also the handling office. Bedell in at least FIG.1, Column 15, lines 8-13 further discloses a case database 930 as the central core into which flows information from a variety of sources including billing time and expenses. Bedell in at least FIG.13 and Column 21, lines 25-29 further discloses an invoice method as using e-mail, regular mail or other. Bedell discloses the use of different bill submission methods other than electronic; therefore, it would have been obvious, at the time of the invention, to one of ordinary skill to modify Bedell with a method to scan in paper invoices with the motivation of eliminating any human entry errors.

Claims 7-8:

With regard to the limitations:

- ***Providing Client Summary report with analysis of invoice data by time period, by service provider, by timekeeper, or by case;***
- ***Analysis of invoice data submitted to client by activity group or by cost/expense category.***

Bedell in at least FIG.34, Column 42, lines 58-67 and Column 43, lines 1-67 disclose a "Whole Case Summary" which is a disclosure of all work products, fees, expenses, timekeepers, dated work products, and breaks down work products by category. Bedell in at least Column 46, lines 1-12 further discloses that the summaries are simultaneously available to the firms, carriers and clients. Bedell in at least Column 46, lines 43-67 further discloses that the database also has the capability of accommodating any number of custom queries that users at different levels may want to generate. Bedell in at least Column 47, lines 1-67 and Column 48, lines 1-67 discloses various reports which are available for different categories.

Claims 9 and 11:

With regard to the limitations:

- ***Directing client invoices to third-party invoice processors;***
- ***The professional services firm is a law firm;***

Bedell in at least Column 10, lines 32-47 discloses that at least in the insurance industry, insurance companies have either audited their legal bills or have chosen to use a third-party to audit their legal bills. Bedell discloses in at least Column 12, lines 28-37 an invention that provides the law firm managers and the bill payers an automatic and continuous summaries that calculate and report time, fees and expenses for each case, each product and each time-keeper where the bills are electronically submitted (as by e-mail), regular mail or via FAX. Bedell in at least Column 12, lines 64-67 and Column 13, lines 1-14 further discloses that the present

invention provides billing which is sharable and provides for Internet-based billing and review system for litigation and/or related services.

- ***Importing the invoices into a database maintained by the invoice processor;***
- ***Publishing electronic invoices on web server maintained by the invoice processor;***

Bedell in at least Column 14, lines 56-67 and Column 15, lines 1-5 discloses a database for coordinated legal billing and budget monitoring activities over disparate geographical regions where the Internet provides the medium by which a database may be stored on a server that is readily available worldwide.

- ***Providing secure access to the published electronic invoices to quality control and peer reviewers across a public network accessible by a web browser to make adjustments as required.***

Bedell in at least Column 10, lines 32-47 discloses that at least in the insurance industry, insurance companies have either audited their legal bills or have chosen to use a third-party to audit their legal bills. Bedell discloses in at least Column 12, lines 28-37 an invention that provides the law firm managers and the bill payers an automatic and continuous summaries that calculate and report time, fees and expenses for each case, each product and each time-keeper where the bills are electronically submitted (as by e-mail), regular mail or via FAX. Bedell in at least Column 12, lines 38-60 further discloses that the management and billing method of this invention allows for individual case and daily entry, summary and communication over the Internet and may be utilized by any subscriber to any Internet service provider (ISP). Security, such as encryption or secure sockets layer (SSL) provides a reasonable expectation of privacy demanded by private financial transactions.

Claim 10:

With regard to the following limitations:

- ***Storing client billing guidelines and service provider information in the database;***
- ***Providing peer review via a web browser of the electronic invoices.***

Bedell in at least Column 12, lines 38-60 further discloses that the management and billing method of this invention allows for individual case and daily entry, summary and communication over the Internet and may be utilized by any subscriber to any Internet service provider (ISP). Security, such as encryption or secure sockets layer (SSL) provides a reasonable expectation of privacy demanded by private financial transactions. Bedell in at least Column 16, lines 5-24 discloses that to combat rising legal costs, many companies have enlisted the services of legal bill review companies to detect billing abuses and excessiveness in legal bills and to make downward adjustments of the bills when "overruled" or "unexplained" billing is found. Bedell in at least FIG.3, Column 28, lines 62-67 and Column 29, lines 1-11 further discloses reviewing the entire bill for a work product to date and submitting the bill to the client or carrier when the work product is complete. Bedell in at least FIG.3, FIG.34 and Column 42, lines 47-57 further discloses reviewing the product summaries and making any appropriate adjustments. Bedell does not specifically disclose the use of "peer review" per se, however discloses review by a third part and then mentions "bill review" without stating who is conducting the review, therefore, it would have been obvious, at the time of the invention, to one of ordinary skill, to modify Bedell's review with a "peer review" with the motivation to reduce the adjustments made by third parties.

Claim 12:

With regard to the system limitations:

- **A database server including a system database for storing invoice data and database software for managing the invoice data;**

Bedell in at least FIG.1, Column 15, lines 8-13 further discloses a case database 930 as the central core into which flows information from a variety of sources including billing time and expenses.

- **A web server operatively linked to the database server and functional to publish some of the invoice data stored on the system database;**

- **An administrative console operatively linked to both the database server and the web server;**

Bedell discloses in at least Column 12, lines 28-37 an invention that provides the law firm managers and the bill payers an automatic and continuous summaries that calculate and report time, fees and expenses for each case, each product and each time-keeper where the bills are electronically submitted (as by e-mail), regular mail or via FAX. Bedell in at least Column 48, lines 50-65 discloses using various database formats, formats used by SQL servers in conjunction with known or established Internet protocols including HTML. Bedell in at least Column 14, lines 56-67 and Column 15, lines 1-7 further discloses the use of XML is adaptable for this invention, the use of various databases for each case stored on a server and coupled to the Internet.

- **An information transmission link operable to send the invoices from the professional services firm to the system;**
- **Import software operable to import the invoice data into the system database;**

Bedell in at least Column 9, lines 51-53 discloses that the first company specializing in legal bill audits came on the scene in 1987 with its first competitor being formed shortly thereafter. Bedell in at least Column 9, lines 61-64 further discloses that eleven years later that many, possibly hundreds, of similar companies have cropped up around the country. Bedell in at least Column 10, lines 5-12 further discloses that all companies have reached and routinely rely upon higher levels of computerization and that most have incorporated computers into their audit processes in some fashion, either in-house or through one of the auditing companies. Bedell in at least Column 12, lines 34-37 further discloses that the system of this invention allows bills to be submitted electronically (as by e-mail) or by alternate means such as regular mail or via FAX. Bedell in at least Column 21, lines 57-61 further discloses that some firms have multiple offices and all invoiced and payments made to a central location where the invoicing office is often also the handling office. Bedell in at least FIG.1, Column 15, lines 8-13 further discloses a case

database 930 as the central core into which flows information from a variety of sources including billing time and expenses.

- **A communication connection between the system database and a quality control reviewer's personal computer and a peer reviewer's personal computer to review charge entries, add comments and make adjustments to the charge entries;**

Bedell in at least FIG.3, FIG.34 and Column 42, lines 47-57 further discloses reviewing the product summaries and making any appropriate adjustments. Bedell does not specifically disclose the use of "peer review" per se, however discloses review by a third part and then mentions "bill review" without stating who is conducting the review, therefore, it would have been obvious, at the time of the invention, to one of ordinary skill, to modify Bedell's review with a "peer review" with the motivation to reduce the adjustments made by third parties.

- **A communications connection between the system database and the client, to transmit client invoice reports to the client with any applicable adjustments.**

Bedell discloses in at least Column 12, lines 28-37 an invention that provides the law firm managers and the bill payers an automatic and continuous summaries that calculate and report time, fees and expenses for each case, each product and each time-keeper where the bills are electronically submitted (as by e-mail), regular mail or via FAX. Bedell in at least Column 12, lines 38-60 further discloses that the management and billing method of this invention allows for individual case and daily entry, summary and communication over the Internet and may be utilized by any subscriber to any Internet service provider (ISP). Security, such as encryption or secure sockets layer (SSL) provides a reasonable expectation of privacy demanded by private financial transactions.

Claims 13-14:

With regard to the limitations:

- ***The communication connections between the system database and the client and the peer reviewer's PC comprise secure connections across a public network;***
- ***The public network is the world-wide web.***

Bedell in at least Column 12, lines 38-60 further discloses that the management and billing method of this invention allows for individual case and daily entry, summary and communication over the Internet and may be utilized by any subscriber to any Internet service provider (ISP). Security, such as encryption or secure sockets layer (SSL) provides a reasonable expectation of privacy demanded by private financial transactions.

Conclusion

7. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure:

- Heinemann et al., US 6,882,986 B1. Teaches a method for automatic processing of legal invoices.

8. Any inquiry concerning this communication or earlier communications from the examiner should be directed to PAUL DANNEMAN whose telephone number is (571)270-1863. The examiner can normally be reached on Mon.-Thurs. 6AM-5PM Fri. off.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Florian Zeender can be reached on 571-272-6790. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Paul Danneman/
Examiner, Art Unit 3627
31 January 2009

/F. Ryan Zeender/
Supervisory Patent Examiner, Art Unit 3627